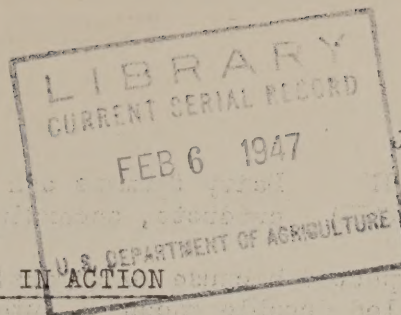


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United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.



January 2, 1947

AGRICULTURE IN ACTION

Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester

A. W. Manchester
Director, Northeast Region

PROPOSED USE OF ACP FUNDS
FOR THE 1947 PROGRAM

In the November 27, 1946, issue of "Agriculture in Action" there appeared a tabulation of the proposed distribution by formula of funds to States for the 1947 ACP. The total for Northeast States of \$14,607,000 distributed in this manner, together with the proposed allocations for the other States, totaled \$228,000,000. The total amount authorized by the 1947 Appropriation Act is \$300,000,000. The following table shows how it is proposed that this amount shall be used if appropriated.

Program payment funds allocated to States by formula (See November 27 issue of "Agriculture in Action" for State breakdown)	\$228,000,000
---	---------------

Funds estimated for payment of "small payment increase"	33,000,000
---	------------

Insular and Naval Stores Program	1,800,000
----------------------------------	-----------

Program payment funds reserve to be allocated to States at a later date	<u>4,686,372</u>
--	------------------

Total funds for program payments to farmers	267,486,372
---	-------------

Administrative funds for county associations, State offices, and D. C.; transfer to other agencies; repayment of CCC loans and adjustments made to compensate for advance purchases of conservation materials for the 1948 program, and credit for purchases of materials for the 1947 program from the previous appropriation	<u>32,513,628</u>
---	-------------------

Total authorized	\$300,000,000
------------------	---------------

It should be understood that the above described funds for the 1947 program have not been appropriated by Congress. The amount to be appropriated will be determined by the 80th Congress in its 1948 Appropriation Act, which will be considered at its coming session.

The basis for the above allocations is contained in the 1947 Appropriation Act which authorizes the Department of Agriculture to develop a program based on an appropriation of \$300,000,000.

MODERATE DECLINE IN DAIRY INCOME EXPECTED Dairy farmers can expect a decline in the demand for dairy products, according to the Bureau of Agricultural Economics.

The decline is expected because consumers are likely to be spending more of their income for so-called durable goods -- automobiles, washing machines, etc. -- and less for dairy products in 1947.

Although returns to dairy farmers will decrease, dairy income will likely continue well above parity price levels unless a business recession develops sooner and more seriously than now expected.

The most notable decline probably will come in consumption of fluid milk and cream which will leave more milk and butterfat for production of butter. November creamery butter output was 15 percent above November, 1945.

BEAN PRODUCTION TOPS LAST YEAR Production of dry beans in the U. S. this year reached nearly 16 million bags. This tops 1945 production by almost 3 million bags. More than half the crop is of the white kinds, and almost half of these are New York and Michigan, Pea and Medium White (Navy) beans. Most of the remainder are Great Northerns, grown in the Northwest.

Of the colored and miscellaneous kinds of the dry bean crop, nearly a third -- 2,345,000 bags -- are Pintos, grown principally in the Southwest. Red Kidney beans grown mostly in New York account for a sixth of the colored bean production.

The dry edible pea crop for 1946 amounted to 6,926,000 bags, of which two-thirds are of Alaska and similar kinds. The crop in 1945 totaled 5,915,000 bags. Nearly one-fourth of this year's peas are wrinkled and other miscellaneous kinds grown mostly for seed.

MORE EGGS TO BRITAIN An additional 10 million pounds of dried whole egg powder will be purchased by the Department of Agriculture for shipment to Great Britain sometime in January. The dried eggs will be used under the United Kingdom's food rationing program.

Egg driers who sell their product to the Government must certify that they have paid farmers the support prices specified by the Department for all shell eggs purchased for the plant under contract. Through January and until further notice, the specified price will be an average of 35 cents a dozen.

USDA is required under the Steagall Amendment to support producer prices for eggs at not less than an average of 90 percent of parity. Purchases of dried eggs for the British serve as a price support.

Britain received about 97.5 million pounds of eggs (equivalent to nearly 10 million cases of shell eggs) under the 1946 program, and about 16 million pounds of whole frozen eggs.

(Agriculture in Action--Issued weekly and distributed in Northeast to State PMA Committeemen, States Offices of PMA; Farmer Fieldmen, County Offices in Mass., Conn., Penna., N.J., and N.H.; County Committeemen in N.J., Penna., N.H., and R.I.)

Radio Transcription

A. W. Manchester, Director

Northeast Region, Field Service Branch

Production & Marketing Adm., USDA

January 2, 1947 - 6:15 a.m.

Station WBZ - Boston, Mass.

1946 has passed on, leaving farmers with a lot of farm history and an ample supply of problems. Presumably, there is much wisdom to be learned if we study the history carefully, and certainly when we look at the problems, we know we shall need it.

I have been looking at a little of that history in the form of statistics. Statistics are apt to be boring but they are full of meat if one takes the time to understand them.

Here are a few of the facts of what happened in American agriculture in 1946.

Farmers' prices, as a whole, went up 27 percent. While farmers' prices went up 27 percent, consumers' prices of food went up about 33 percent. Not all of the consumers' higher food bill can be charged to the farmer's account.

If we compare the change in the prices that farmers received with that they paid for the things they bought, we find that agriculture a little better than held its own during the year. When farm products are looked at separately there are, however, some very glaring contrasts.

Dairy prices and prices of meat animals, for instance, advanced about 50 percent, not allowing for the subsidies that were paid the first part of the year. On the other hand, poultry and eggs advanced only 16 percent, while fruits and vegetables went down by about the same amount.

The big drop in fruit prices occurred close to the end of the year, making the returns for many fruit growers not as bad as the over-all figures would indicate. For vegetable growers, however, the drop came about May and most northern vegetables were sold on a very discouraging market.

Looking ahead to 1947, farmers' price problems seem to be pretty well indicated by the prices in the past year. The major problems ahead bid fair to be with the commodities that are already not doing too well. It looks as though meat and dairy prices would hold up fairly well, while there is more of a question mark about the future for poultrymen, and the vegetable industry is definitely in the problem class.

The kinds of farming that have already suffered the worst -- vegetables and fruit -- are also those that have the least protection through Government price supporting legislation and programs. The major cereals and cotton have the assurance that comes from the basic price support legislation. Poultry is one of the Steagall commodities, with price support authorized at 90 percent of parity. Meat needs no price support, at the moment, although pork is assured it under the Steagall Amendment. Dairy prices are stabilized substantially by market agreements and orders. While milk is a Steagall protected commodity, the parity figure for milk is such that support would be required under the Steagall Amendment only if there were a very severe drop from present levels. But fruits and vegetables have very little assurance of definite help in time of disaster.

(Continued next page)

The situation boils down to about this: One by one, the prices of various farm commodities have gone or are going over the peak and starting the downward slide. The pessimists are forecasting very serious declines before the end of the coming year. The people who believe in doing something about our problems are saying that 1947 is the time to prove that we can handle the situation -- that the measures that are available can be used to prevent much of the disaster that has marked similar periods in the past, and that it is time to add new measures to take care of those problems for which no adequate provision has yet been made.

To say this is not to maintain that there should be no adjustments in any farm prices. There may be some prices that are out of line and that should be brought into adjustment. But it is to recognize that a general serious drop in farm prices is not necessary. We do not need to return to the distress from which agriculture has been climbing out the hard way. That would not only be disaster for agriculture; it would be the start of a downward slide for our whole American economy. 1947 is the year that challenges us to prove that farm depressions no longer need happen.

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United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.

AGRICULTURE IN ACTION

RECEIVED
FEB 6 1947
DEPARTMENT OF AGRICULTURE

January 8, 1947

Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester
A. W. Manchester
Director, Northeast Region

WARTIME FARM PRICE SUPPORTS
TO TERMINATE IN 1948

The President's proclamation of the cessation of hostilities establishes these definite termination dates on agricultural programs:

1. December 31, 1948 is the terminal date of the principal wartime price support programs; and
2. On December 31, 1948, the restrictions on the disposal of cotton by the Commodity Credit Corporation as prescribed in Section 381(c) of the Agricultural Adjustment Act of 1938, as amended, will again become operative. These restrictions prohibit CCC from selling cotton below cost and limits sales in any calendar month to 300,000 bales and in any calendar year to 1.5 million bales.

The President's proclamation does not affect authorities of the Department of Agriculture under the War Powers Act and the Price Control Extension Act of 1946. These authorities include War Food Orders, the making of certain subsidy payments, the monthly certification of commodities in short supply, and others.

Wartime price support operations have been conducted for three general classes of agricultural commodities:

- (1) "Basic" commodities (so specified in the Agricultural Adjustment Act of 1938) -- corn, cotton, wheat, rice, tobacco, and peanuts for nuts -- for which legislation directs price supports for two full calendar years following the cessation of hostilities at 90 percent of parity (92½ percent for cotton);
- (2) "Steagall" commodities -- hogs, eggs, chickens over 3½ pounds liveweight, turkeys, milk and butterfat, dry beans and peas of certain varieties, soybeans and flaxseed and peanuts for oil, American-Egyptian cotton, potatoes, and sweetpotatoes. Prices of these are directed to be supported at not less than 90 percent of parity for the same period.
- (3) Other commodities -- such as wool, naval stores, sugar beets, sugarcane, grain sorghums, rye, certain fruits and vegetables and seeds -- for which price supports are permissive rather than mandatory, in order to bring the price and income of producers of these crops to a fair parity relationship with the other two types of commodities.

NEW JERSEY FARMERS' WEEK TO INCLUDE PMA PROGRAM

held in Trenton the week of January 20.

The New Jersey State PMA Committee will hold a State-wide meeting January 22 in connection with the annual New Jersey Farmers' Week Program to be

R. M. Evans, Member of the Federal Reserve Board of Governors, will be the principal speaker at the morning session. His subject will be, "Price Supports -- Past, Present and Future for Industry, Labor and Agriculture."

In the afternoon there will be held a meeting of the Northeast Regional PMA Committee which is comprised of State PMA Directors and Chairmen of the State PMA Committees.

POTATO LOANS
EXCEED \$14 MILLION

Northeast State PMA offices reported \$10,853,818 originally loaned under the regular potato loan program through December 21, 1946, and \$3,280,746 under the special loan program.

Individual State reports follow.

REGULAR LOAN PROGRAM					
State	Loans Completed	Cwt. of U.S. No. 1's Orig. Under Loan	Cwt. of U.S. No. 1, B's & 2's Orig. Under Loan	Amount Originally Loaned	Amount Repaid
Me.	1109	6,343,196.3	407,728.9	\$6,762,945.79	\$ 75,077.02
N.H.	36	108,962.9	10,160.8	145,126.22	6,520.49
Vt.	41	53,747.0	4,630.0	71,953.68	40,601.08
Mass.	33	290,619.0	36,146.0	394,068.90	
R.I.	35	271,991.0	24,094.0	365,680.80	
Conn.	56	382,277.2	36,488.0	573,379.50	
N.Y.	514	1,576,824.1	165,377.3	1,955,962.83	5,696.16
N.J.	11	16,191.0	690.0	21,393.30	
Penna.	188	497,113.9	62,719.7	623,307.17	100.00
Total	2023	9,540,924.4	748,034.7	\$10,853,818.19	\$127,994.75

SPECIAL LOAN PROGRAM					
Me.	1717	3,828,955.9	259,932.1	\$ 2,732,038.38	\$ 4,479.95
N.H.	26	28,893.6	3,442.3	1,202.13	440.74
Mass.	61	107,296.0	12,546.0	94,965.40	
R.I.	3	7,543.0	409.0	8,645.15	
Conn.	124	65,176.9	5,510.1	55,353.39	55,353.39
N.Y.	383	435,360.8	57,807.6	363,707.71	2,626.07
Penna.	28	28,448.7	4,318.2	24,834.18	
Total	2,342	4,501,674.9	343,965.3	\$3,280,746.34	\$ 62,900.15

QUARTERLY FATS-OILS IMPORTS EXCEED EXPORTS

For the first time since 1942, the United States during the first quarter of 1947 will import more fats and oils than it exports. About 240 million pounds are scheduled for import and 138 million pounds for export.

Exports of fats and oils from the U. S. would consist principally of lard, soybean oil, shortening, margarine, and soap. Imports would be mainly copra, (for crushing into coconut oil) linseed oil, castor beans and oil, tung, and rapeseed.

FARM EXPORTS TO U. S. agricultural exports in 1947 will continue large, but probably below the level reached during the critical emergency in the first half of 1946, says the Department of Agriculture. Supplies of most crops and livestock products are expected to be large, but large domestic demand and depleted stocks will tend to limit quantities available for export.

In general, the foreign need for American farm products will be less pressing than during the few months preceding the 1946 harvest. However, foreign demand for such products as grains will remain high, since emergency conditions still prevail in large areas of Europe and Asia. In fact, critical shortages may develop again in some European countries before the 1947 crop is available.

Most countries will have to rely on their own exchange reserves for more than four-fifths of their 1947 imports of American farm products. Nearly half of such exports during the first six months of 1946 consisted of lend-lease, UNRRA, and private relief exports.

Western European participants in the war and Japan, which were large pre-war buyers of U. S. products, will probably take most of our foreign sales of farm products. And in these countries, buying power will depend largely on the amount of dollars they receive in international loans, most of which will go for capital goods.

As a long-range measure to prevent impediments in the development of international trade, a part of the draft Charter for an International Trade Organization, now under study by a conference in London, calls for international agreements to regulate production, international trade, and prices of commodities in burdensome surplus, and to promote the expansion of consumption.

Other proposals dealing with international agricultural commodity problems are under study by a Food and Agriculture Organization commission in Washington. The purpose is to improve diets to a health standard throughout the world, and to stabilize prices of agricultural commodities.

1946 ACP PROGRESS REPORT The report of progress under the 1946 Agricultural Conservation Program for the period ending November 30, 1946, showed only one-half of one percent of the estimated applications for payment received in State offices for processing. The status of applications for payment and the 1947 enrollments are listed below for States in the Northeast.

State	Est. Total Applications	Rec'd in State Office	Percentage Received	Enrollments	
				1946	1947
Me.	3,989	222	5.6	13,333	250
N.H.	1,772	---	---	7,059	---
Vt.	2,856	---	---	11,999	4,516
Mass.	5,375	45	.8	10,169	384
Conn.	2,624	---	---	5,626	---
R.I.	169	---	---	919	---
N.Y.	26,881	---	---	81,338	882
N.J.	10,645	---	---	12,917	1,630
Penna.	40,113	179	.4	98,252	142
Total	94,424	446	.5	241,612	7,804

Through December 20, 1946, Maine and Pennsylvania had certified payments in the respective amounts of \$8,044 and \$45,607.

AGRICULTURAL PRICES Farmers were receiving higher prices for fruit, dairy products, and cotton on December 15 than a month earlier, the Bureau of Agricultural Economics announced. These higher prices, however, were little more than enough to offset lower prices for meat animals, truck crops, feed grains, and poultry products. In consequence, the general level of agricultural prices at 264% of its 1909-14 average was only 1 point, or four-tenths of one percent, higher than on November 15. Price changes during the month were for the most part small, the most important change being a drop of 34 cents per bushel in prices received for soybeans. The mid-December index of prices received by farmers was 9 points under the October record high but still 57 points higher than a year ago.

The rising tide of retail price increases that has confronted farmers in recent months appeared nearer its crest this month as the mid-December index of prices paid by farmer for all commodities rose one point from the previous record high reached a month earlier. Rather sharp declines during the month in food and feed prices were not great enough to compensate for continued increases in prices of clothing and building materials. The index of prices paid at 225% of its 1910-14 average was 23 percent higher than a year ago; 25% higher than on V-J Day, 16 months ago; and 15% higher than on June 15, 1946 before price controls were relaxed. On a 1919-29 base, the mid-December index of prices paid by farmers was 141; and on a 1934-39 base, 180.

HEARING ON NORTHEAST AREA MILK PRICES The Department of Agriculture will hold a public hearing on all fluid milk prices under the Federal Order in the Northeast beginning January 9 in the Department auditorium. The hearing is for the purpose of permitting interested persons to submit their views in connection with possible modification of certain pricing provisions in all six Northeastern markets (New York, N.Y., Philadelphia, Pa., Washington, D.C., Boston, Lowell-Lawrence, and Fall River, Mass.)

* * *

(Agriculture in Action -- Issued weekly and distributed in the Northeast to State PMA Committeemen, State Offices of PMA; Farmer Fieldmen; County Offices in Mass., Conn., Perma., N.J., and N.H.; County Committeemen in N.J., Penna., N.H., and R.I.)

Radio Transcription
A. W. Manchester; Director
Northeast Region, Field Service Branch
Production & Marketing Adm., USDA
January 9, 1947 - 6:15 a.m.
Station WBZ - Boston, Mass.

The President's proclamation of the cessation of hostilities on December 31 set a definite end for the support of farm prices under the Steagall Amendment. There are two years more of price support under that particular law-- and that's the end.

That doesn't mean necessarily that there will be no price support for 1949 crops and production. It does mean that if there is going to be such support, except for that which is the result of other legislation than the Steagall Amendment, it will have to be the result of new decisions and new action.

The laws for the support of prices of cotton, wheat, corn, rice, tobacco, and peanuts were not given a terminal date two years ahead by the proclamation of the end of hostilities, but the required support level even for them will be lowered somewhat. For most other commodities, about all that will be left will be a general authorization for certain marketing, surplus removal and loan activities.

The definite 90 percent of parity price support mandate for a long list of farm products, including potatoes, eggs, milk, pork, and so on, comes to an end on December 31, 1948.

That puts the question squarely up to the farmers of the country of what they want and what they will stand behind. For years now it has been possible for farmers to enjoy the benefits of price support, without any commitments on the part of a good many of them as to whether they were definitely in back of it or not.

That is not altogether good.

We can all welcome a time when we may have a clear cut decision by farmers as to whether they want a floor under farm prices or not. It is not to be expected that the rest of the country will force stable good prices on them. Nor is it likely that a minority of farmers will have much influence.

Not that the rest of the people of the country don't have an interest. At first glance, it would seem as though most of them would be for no price support and the occasional cheap food that they would expect as a result.

But there is much evidence that a substantial number of consumers have arrived at a little more mature thinking.

With some of them, it is just a matter of human sympathy and a sense of fairness. They don't want cheap living if it involves the distress of their hard-working fellows.

(Continued next page)

But many others realize that we cannot prosper in this country with any large body of our fellow citizens financially prostrate. The whole country needs them as buyers if our industry is to operate at anything like full production. Agriculture in distress means unemployment in the factories, failure of railroads to meet operating costs, decline of the assets of insurance companies -- and an endless chain of other troubles.

It is this realization that makes constructive and reasonable farm price support possible if most farmers unite in backing it. The President's proclamation puts the problem squarely up to them.

Of course, the situation may be allowed to drift. Quite commonly we don't build bridges in the hope that we shan't have to cross the stream. It may be a case of wait and see -- no action unless we get into real trouble. That is a very costly way to deal with problems but very common in democracies -- and probably in other forms of government.

At least, farm price support is now a clear cut issue before the farmers of the country.

* * *

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United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.

RECORDED
FEB 6 1947

January 15, 1947

DEPARTMENT OF AGRICULTURE
AGRICULTURE IN ACTION

Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester

A. W. Manchester
Director, Northeast Region

**PRESIDENT URGES
LONG-RANGE FARM PROGRAM**

President Truman recognized the importance and urgency of a Federal farm program by listing it as the fifth major policy recommendation in his annual State of the Union message to Congress.

"We must be sure of meeting the problems which we failed to meet after the first World War," Mr. Truman said. "Present laws give considerable stability to farm prices for 1947 and 1948, and these two years must be utilized to maintain and develop markets for our greater productive power.

"The purpose of these (price support) laws was to permit an orderly transition from war to peace. The Government plan of support prices was not designed to absorb, at great cost, the unlimited surpluses of a highly productive agriculture.

"The farmer is entitled to a fair income.

"Ways can be found to utilize his new skills and better practices, to expand his markets at home and abroad, and to carry out the objectives of a balanced pattern of peacetime production without either undue sacrifice by farm people or undue expense to the Government."

In his later economic report to Congress, the President declared that the Nation's long-range agricultural policy should aim to preserve the family-sized farm and to prevent another agricultural depression.

**USDA ASKS TOP QUALITY
POTATOES FOR CONSUMERS**

Potato growers and shippers are urged by the Department of Agriculture to pack "super" quality potatoes so that consumers may have the best ones available for table use. U. S. No. 1 grade potatoes with a minimum diameter of $2\frac{1}{8}$ inches for round potatoes and 2 inches for the long type are considered "super" quality. Potatoes measuring $3\frac{3}{4}$ inches or more in diameter or weighing more than 18 ounces should be eliminated. The standard U. S. No. 1 grade potato measures a minimum of $1\frac{7}{8}$ inches without any maximum size limitation.

Due to a combination of favorable production factors, potato supplies reached record levels in 1946. Despite continuing efforts of the Department to find useful outlets for the entire crop, several million bushels have had to be placed in temporary storage and larger-than usual supplies in permanent storage.

95% OF SPECIAL LOAN
POTATOES DISPOSED OF
IN AROOSTOOK COUNTY

Approximately 95 percent of Aroostook County, Maine, potatoes under special loan have been moved by sale through commercial outlets, delivery to Commodity Credit Corporation, or disposed of in a manner which assures their not entering commercial channels. A preliminary estimate shows approximately 3,000,000 cwt. of these special loan potatoes have been disposed of because of deterioration or because such potatoes endangered the regular loan potatoes or the storage structure.

Starch factories in Aroostook County are accepting from 250,000 to 275,000 bushels of regular loan potatoes weekly for which borrowers are paid the applicable support prices.

A preliminary report shows a total of 33½ million cwt. potatoes under loan in the County. Of this amount 5½ million cwt. are under special loan, and 28 million cwt. are under regular loan. It is estimated that 80-85 percent of the total crop is covered by loan in Aroostook County.

MAINE POTATOES
GOING TO ITALY

Approximately 325 cars of Aroostook County potatoes will be shipped to Italy next week. The first shipment is in the nature of a trial. Loading will begin January 18. It is expected that larger orders from this country will be forthcoming if this first shipment arrives in satisfactory condition.

Similar contracts are under consideration with Spain as well as other countries.

VERMONT COUNTIES ORDER
45% OF ESTIMATED LIMING
MATERIAL FOR 1947

As of January 3, Vermont was leading all Northeast States with 45 percent of their estimated total 1947 lime orders already submitted by county offices.

County committees are urged to submit orders for liming material promptly to either the Syracuse or State office, whichever is applicable. During the winter months, the policy as established by the State committees is to place orders on a first-come, first-served basis. Thus, counties which hold their orders in the office may find themselves without any deliveries at all during the next three or four months.

DRY BEANS AND
PEAS ALLOCATED

The food-consuming public probably will get their share of vegetable protein during the next few months.

U.S. civilians will receive about 89 percent of the supply of 2,508,600 100-pound bags of dry beans, and about 68 percent of the 306,600 bags of dry peas under allocation for the January-March quarter of 1947, the Department of Agriculture announced.

Comparatively small quantities of beans and peas are available for export during the first 1947 quarter, the Department states, because all exportable supplies were allocated during the last 1946 quarter -- the period of heavy marketings of the 1946 crop. Export requirements continue greatly in excess of amounts the U. S. can supply.

PRESIDENT'S BUDGET MESSAGE
SAYS 300 MILLION FOR ACP
COMMITTED FOR 1947 PROGRAM;
RECOMMENDS 200 MILLION FOR 1948

President Truman's budget message to Congress has the following to say concerning the appropriation for the 1947 Agricultural Conservation Program:

"Commitments for payments to farmers under the 'Agricultural Conservation Program' for 1947 have already been made as provided by the 1947 Appropriations Act."

The fact that the 1947 Appropriations Act authorized \$300 million coupled with the fact that this amount has been committed to farmers in payments for practices carried out in the 1947 crop year probably ensures, but not necessarily so, that \$300 million will be appropriated for the 1947 Agricultural Conservation Program.

In regard to the 1948 Agricultural Conservation Program, however, the budget message recommends a reduction from \$300 million to \$200 million. The reasons given for this action are quoted from the President's budget message:

"A year ago the Budget Message recommended gradual reduction of these payments, and that recommendation is now renewed. More than 60 percent of the total payments go to about one-eighth of the Nation's farmers. Most of this money thus is being paid to farmers who, because of their strong position in American agriculture, would undoubtedly continue the best farm management practices without the persuasion of a bonus from the Treasury.

"We should shift our effort from this kind of subsidy to providing technical guidance to all farmers for soil conservation and management, along the lines of the Soil Conservation Service and the Extension Service. I therefore propose that the appropriation act limit the conservation and use program for the crop year 1948 to 200 million dollars instead of the 300-million-dollar program to which we are committed for the crop year 1947. This will not affect expenditures materially until the fiscal year 1949."

MANY EUROPEAN COUNTRIES
FACE FOOD CRISIS

A considerable number of European countries face short food supplies that will not last until the next harvest, the Department of Agriculture reports.

Although the world's food reserves at present are slightly larger than a year ago and fewer countries are critically short of food, imports into the deficit-producing countries during the last half of 1946 were somewhat less than expected. Many countries have had to use supplies from the current harvest, and during the coming months will be almost as dependent on imports as they were during the first few months of 1946. If present low rations are to be maintained, imports during the first half of 1947 will have to be considerably larger.

For a large part of continental Europe -- particularly Germany, Austria, Italy, and Rumania -- the food outlook for the next six months is as serious as a year ago. A severe summer drought so reduced the corn crop in Rumania that many peasants will depend on outside sources for food.

In Italy, food supplies to nonfarm consumers still average less than 2,000 calories per person daily. The shortfall of imports and internal distribution difficulties have made it difficult to meet increased grain ration requirements. Nonfarm food consumption in Austria and in the American and British zones of Germany recovered in the fall to 1,900 - 2,000 calories per person daily. Non-arrival of grains has made it impossible to meet increased ration requirements.

ANDERSON ASKS IF INDUSTRY
WILL CUT PRODUCTION

When the price cycle turns downward, will business and industry match agriculture in providing abundant production?

That is the challenge of the future, in the opinion of Secretary of Agriculture Clinton P. Anderson. Unless business and industry finds an answer other than the cutting of production, agriculture faces three alternative lines of action -- all of them unwanted by farmers, according to the Secretary:

1. Inequality for farmers in a contracting economy, a repetition of what happened after World War I.
2. Cutting farm production. "This alternative is impractical, if not impossible, even in these days of highly organized agriculture, ... it doesn't fit the frame of mind of the farmer."
3. A subsidized agriculture. "Agriculture wants a market -- not a hand-out."

In remarks before the annual meeting of the National Council of Farmer Cooperatives, the Secretary pointed out that after the first world war, farm production remained quite constant but farm product prices fluctuated. On the other hand, industrial production zig-zagged; price remained steady.

Mr. Anderson called attention to the need for taking better care of our farm plant.

"We have been using only a little more land in recent years than before the war," he said, "but we have been cropping that land much more intensively, raising crops that have put a heavy drain on soil fertility during more years of the rotation, and using grass and legumes for a shorter period.

"With the passing of the emergency food demands we shall have opportunity to make more extensive use of the soil conservation knowledge we have gained. We should treat that opportunity as a necessity. Soil conservation must be a major consideration in making the best use of our agricultural plant."

ONIONS IN AMPLE SUPPLY Onions from the 1946 crop are setting an all-time record, with production of 38,911,000 fifty-pound sacks exceeding the 10-year (1935-44) average by 52 percent.

Growing conditions were unusually favorable and resulted in heavy yields, on acreage somewhat larger than 1945. In 1944, the year of previous high production, 35,575,000 sacks of onions were harvested.

With the Western, Eastern, and Midwest crops (all larger than last year) coming to market during the first part of the year, added efforts by producers and handlers will be necessary to avoid waste in moving the record crop.

* * *

---Canada's 1947 agricultural program calls for an expansion in oilseed acreages. Farmers of the country aim to produce 10 to 15 million bushels of flaxseed. Goals for soybeans are 60,000 acres; rapeseed, 26,500 acres; and sunflower seed, 28,000 acres.

1947 CROP PROSPECTS
PROMISING

Mid-winter conditions affecting 1947 crop prospects are fully as promising throughout the country as those preceding any of the recent record crop years.

Fall and early winter conditions have been favorable. Harvesting of 1946 crops was completed early, for the most part, so that fields could be prepared for more extensive fall seedings, and for spring planting. Soil moisture is generally adequate. Seeds of all kinds are in ample supply and of good quality. Commercial fertilizers will be available in quantities more nearly approaching demands. New farm machines have been moving to farms in increasing numbers. In addition to these factors, farm products continue in strong demand.

Farm stocks of wheat, while larger than a year ago, are smaller than on any other January 1 since 1941. Feed-grain supplies are larger than on January 1 of any year but 1943. Hay stocks are second largest for this date in 10 years, exceeded only by those of a year ago. The January 1, 1947 stocks of 2,166 million bushels of corn on farms were 17% greater than last year and about a fifth larger than average. Oats stocks on farms January 1 are estimated at 899 million bu. These stocks are 78 million bu. or 8% below the all time record stocks of almost 977 million bu. in January 1946 but are about 183 million bu. or 26% above the 10-year average of 716 million bu. Farm stocks of barley on Dec. 1, 1946, were the smallest for the date since the estimates began in 1939. They totaled 129.5 million bu. equivalent to 49% of the 1946 crop, compared with 145 million bu. or 54% of the 1945 crop still on farms on December 1, 1945. Only 5½ million bu. of rye were on farms Dec. 1, 1946, the lowest for the date since the estimates began in 1939. Stocks of soybeans on farms Jan. 1 totaled 36,482,000 bu. equivalent to 18.5% of the 1946 production.

With record high milk production per cow offsetting a smaller number of milk cows on farms, milk production in the U. S. during December 1946 slightly exceeded production in the same month of 1945. Favorable weather in all parts of the U.S. resulted in a record December egg production of 3,699,000,000 eggs -- 9% more than in December 1945 and over 1½ times the 1935-44 average.

RECORD CATTLE NUMBERS
BEING GRAIN FED

Cattle fed for market in the next 9 months probably will be greater than in 1946 and may set a new record. Movement of 2,060,803 head of feeder and stocker cattle

into eight States of the North Central Region during July-November was 20 percent greater than a year earlier.

Production of beef and veal per person in 1947 probably will be greater than in 1946 and the largest in 35 years. Supplies will equal or exceed the 70 pounds consumed per person in 1945.

ALFALFA SEED MOVES
INTO COMMERCIAL CHANNELS

Farmers had marketed about 86% of the commercial alfalfa seed crop up to December 15. This compares with the same percentage for 1945, and 79 percent for the 1940-44 mid-December average. Growers' prices averaged \$22.30 a bushel for clean seed, compared with \$20.50 a bushel in 1945.

Production of alfalfa seed in 1946 apparently set a new record -- 1,658,400 bushels -- 9 percent larger than the previous high of 1939, and 40 percent above the 1945 production.

During the period July-November, imports of alfalfa seed were more than 4 million pounds. About 3.8 million pounds came from Argentina and the balance from Canada and the Union of South Africa.

Radio Transcription

A. W. Manchester, Director

Northeast Region, Field Service Branch

Production & Marketing Adm., USDA

January 16, 1947 - 6:15 a.m.

Station WBZ - Boston, Mass.

A letter was sent a few days ago from Washington to each State in the Union asking what method of supporting the price of potatoes of the 1947 crop that State favors.

A decision as to how the job is to be done has to be made in the next few weeks and it was decided to hold this sort of informal referendum.

It has already been announced that the Government will assure price support this year only to growers who plant within their farm acreage goals. These goals are already being established by the County ACP committees. Committees have had a lot of experience in setting farm acreage allotments and as a whole have done the admittedly difficult job in a fair and constructive way. I have often been surprised that there was so little complaint about the decisions of the committees. It is pretty good proof of their fine sense of practical justice.

The limitation of the price support to growers who do not overplant is a result of the tremendous crop in 1946 and the waste and excessive costs that such a crop necessitates.

The goals and the limitation of price support are a part of an effort to keep it from happening again.

Many people are deploring the waste of good food when millions of bushels of potatoes rot or freeze. The real waste occurred when those potatoes were raised. From that time on waste was inevitable in spite of the frantic efforts to find practical outlets in industrial uses, shipments abroad, distribution to institutions and school lunches in this country, and in cattle feeding.

Now the question is how to set up a method of price support that will protect only those who cooperate in stabilizing production and at the same time make the program just as constructive in other ways as possible.

There are three principal proposals. The States are asked to indicate which one they prefer.

The first is to use the same methods of supporting prices as have been used the past few years. In brief, this is for the Government to buy at the support price whatever early and midseason potatoes cooperating growers are unable to find a satisfactory market for. And price-supporting loans would be made to cooperators who grow late potatoes.

A pretty good job can be done of supporting prices this way. Four principal arguments are raised against it. They are -- first, that if this method is used, the whole market price will be held up so that the non-cooperator will sell on the market at about as good a price as the cooperator will get from the Government. As a consequence, there will be little incentive to stabilize acreage and the whole effort is likely to fail.

Radio Transcription (Continued)

The second objection is that cooperators, selling to the Government, lose their trade connections and weaken their market position for future years.

The third is that this method of price support weakens the incentive for good marketing. Under it a lot of poor grade potatoes go to consumers, while good ones rot in piles or are fed to cows.

The fourth is that consumers don't get a price benefit from the big crop.

The second proposal offered for State consideration is radically different. It is that the Government do no purchasing and make no loans. If, however, when the season is over, the price has averaged below the support level, each cooperating grower would be paid the difference between the average price in his area and the support price.

There are a lot of questions about details of this general plan that I can't answer here. If I tried, it would get very confusing. I can indicate possible answers to one or two of these that have been asked me a good many times.

One is how many bushels would the grower receive the payment on? Would he have to keep records and sales slips for all his transactions and would the county committees have to pass on all of them in order to keep the occasional crooks -- and there may be a very few even among potato growers -- from robbing the Government.

One proposal about this is that the county committee would set for each grower a normal yield regardless of his yield or sales for the particular year.

Another question is, would the grower who sold his potatoes at better than the average price receive a smaller payment? The answer is no. Neither would the farmer who sold for less than the average price get a larger payment on that account. The plan leaves a full incentive to sell the best possible quality potatoes, do the best possible job of marketing, and render the best service possible.

Also, in case of a large crop, the consumer would get the advantage of a lower price.

The plan provides, obviously, that in case of a large crop the cooperator would have a decided advantage over the non-cooperator. It should be a much more effective means of encouraging growers not to plant beyond their farm goals.

The argument against the plan centers largely around the possible cost to the Government. With a very big crop it could cost a lot of money to support the price. There is no question about that. On the other hand, the chances of a very excessive crop would be much less and the price support would be extended to only the cooperators' part of the crop. These would both tend to lessen the cost. Which plan would actually cost more is an open question.

Radio Transcription (Continued)

As a protection against excessive cost if we had a very big crop, a modification or a combination of these two plans has been proposed by which the Government would do some buying, etc. to keep the gap between the market price and the support price from getting too wide and would pay the rest of the support price to cooperators.

The third proposal is for potato marketing agreements under which the movement of the lower grade potatoes in interstate commerce would be prohibited. It makes sense to keep the poorer potatoes off the market when there are plenty of good ones. The plan tends to appeal to distant shipping areas, while near-market sections don't see how it could possibly be applied to truck shipments and the infinite amount of crisscrossing of State lines that potato marketing involves. Nor are they convinced that keeping seconds and B grade potatoes from crossing State lines would effectively support the price of a big crop.

These, in a very rough way, are the proposals that potato producers will report their preference on in the next few days.

Whatever the answer, the fact that the question is being submitted to them is one more evidence of the rise of effective farm democracy in this country.

* * *

(Agriculture in Action -- Issued weekly and distributed in the Northeast to State PMA Committeemen, State Offices of PMA; Farmer Fieldmen; County Offices in Mass., Conn., Penna., N.J., and N.H.; County Committeemen in N.J., Penna., N.H., and R.I.)

Ad 4A8r
United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.

January 22, 1947

AGRICULTURE IN ACTION

Opp-2
Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester
A. W. Manchester
Director, Northeast Region

SOIL IS MOST FUNDAMENTAL
RESOURCE -- RESPONSIBILITY
OF ALL OF US

There is, I think, a pretty general understanding of the need for soil conservation in this country. Most people know that it isn't just the "American system" that we have to thank for the fact of our

relatively abounding prosperity.

We are sure that much can be attributed to that system. And we are equally sure that that system can and ought to be made even better -- especially better for those who fare worst under it.

But when we get down to sober reality, we know, equally, that that system finds its opportunity in our abundance of natural resources -- abundance per person. If we exhaust or waste those resources, any system, however good, will be fettered and crippled.

We have only to look abroad at the desperate efforts of some of the best of the European countries to overcome the handicaps imposed by shortage of natural resources, to realize the necessity of conserving and maintaining our own.

Of all those resources, the most fundamental is the soil. Most of us appreciate that. It is a question whether we appreciate, equally, that we still are far from adequately protecting that soil. We are doing much better than we used to, but we are still far from holding our own. If we were to continue just as we are today, we would be undermining the future of America.

Most folks don't want to do that. Most of us prefer to deal fairly by our children. We can only be fair with them by leaving our soils as good as we found them.

If we are going to do that we shall have to go farther in our thinking and in our willingness to act than we have yet gone.

There are some people that look at the question of soil fertility as a farmer's question. Help in maintaining soil fertility they consider "aid to farmers."

I agree that one direction in which we need to make further progress is in getting full farmer acceptance of responsibility for the soil. Farmers are on the land and most of what is done to protect and rebuild that land will have to be done by them. It would, in many ways, be very fine if every farmer looked at the running down or washing away of the soil he farms as a personal disgrace -- something that marks him as a partial failure.

(Continued from page one)

But actually, nearly one farm in every three of this country is operated by tenants, most of whom have no assurance of any lasting connection with the particular soil they are farming this year. In common sense, their job is to wring from it what support they can for their families this year. And all too often the landlord is at a distance, with little knowledge or interest except to get what return he can from his farm holdings.

And even when the farmer owns the farm -- or at least has a precarious equity -- too often he is driven on by hard necessity to get what he can for the support of his family right now with little regard for those who will farm it or hope to live by its products in future years.

Every person who lives by the foods that come from the markets has a direct concern that that soil be maintained. And if he has children, the reasons for that concern are multiplied. He is not providing properly for those children unless he does what he can to see that the soil on America's six million farms is protected. It is his business. It is our business -- all of us.

Since the Government is set up to protect those interests of all of us that aren't well protected otherwise, soil conservation has become the business of Government.

We have made large progress since the Government stepped in. But, as I said in the beginning, we are not yet holding our own. We cannot continue to raise for the people of the country the amount of food they are getting now -- without either stepping up very substantially the amount of soil conservation work done -- or destroying much of the chance of those who will live here in future years -- our children -- to have enough good food.

This is not to say that the share of the total cost that the Government bears has to be increased. Perhaps farmers can be persuaded to chip in more out of their incomes -- particularly if prices stay pretty good and those incomes are maintained. If farm prices or incomes drop much, the farmer won't put in more -- that is sure. He can't, without taking it out of the mouths of his children. But if incomes stay good, I think he will do a better job of it than he used to. He knows better how to do it than he used to, and he appreciates its importance more.

But, that doesn't mean that it is peculiarly his obligation. He is out on the land, but next generation's children are the children of all of us. The America of tomorrow is the America of all of us.

The responsibility of sharing the cost of keeping opportunity good for the next generation -- and those that will come after, is a responsibility of all of us.

---Radio Talk by A. W. Manchester, January 23, 1947 - 6:15 a.m.
Station WBZ - Boston, Mass.

---Potato growers will have a record-breaking supply of seed for their 1947 crop. The Bureau of Agricultural Economics reports that the 1946 harvest of certified seed potatoes reached 42,436,905 bushels, exceeding the previous record crop in 1945 by 27 percent.

DEMAND FOR DAIRY PRODUCTS
PROBABLY WILL DECLINE

Domestic demand for dairy products will be relatively high during 1947, but probably will decline from the 1946 level as scarce consumer goods become most plentiful. A possible recession in general business activity would further reduce the demand for dairy products. Exports of dairy products in 1947 will be considerably under wartime levels. High feed grain production in 1946 coupled with a smaller number of animal units on farms Jan. 1 this year than last has resulted in a record supply of feed grain per animal unit. Dairy product feed-price ratios will probably continue to be favorable during most of the first half of 1947, and may stimulate record levels of grain feeding to dairy cows.

The downward trend in milk cow numbers is likely to be halted during 1947 as a result of favorable dairy-product prices compared with feed costs, and of improvement in the farm labor situation. Milk production probably will be maintained at or near 1946 levels. Prices received by farmers for milk and dairy products are likely to decline more than seasonally from January to June 1947. Production of manufactured dairy products will probably increase as demand for fluid milk and cream diminishes. Prices of all dairy products will decrease. Prices of some products, such as nonfat dry milk solids and butter, are likely to decline more than seasonally from recent levels.

FEBRUARY MILK PRICE
DROP EXPECTED IN FIVE
NORTHEASTERN MARKETS

The Department of Agriculture has announced that a reduction of approximately 40 cents per hundredweight (approximately one cent per quart) is expected in the February price of milk to producers in the Boston, New York, Lowell-Lawrence, and Fall River, Mass., and Philadelphia, Penna. markets. The January price in Washington, D.C. will continue through February, since the Washington fluid milk price has not risen in recent months to levels comparable to those in the other five northeastern markets.

Except for New York, the expected price reductions will be effected under current provisions of the Federal orders which regulate milk handling in the different markets. For New York, the Department is preparing to suspend a provision of the New York order which might have reduced the price in New York to a lower level than that established for the other northeastern markets. The New York suspension will provide for a Class I-A (fluid milk) price 44 cents (approximately one cent per quart) lower than the January price. This is expected to keep the New York price in line with prices in the other five markets. No other action is contemplated.

POULTRY INDUSTRY ADVISORY
COMMITTEE MAKES RECOMMENDATIONS

Specific recommendations covering price support for eggs and turkeys in 1947 were made by the Poultry Industry Advisory Committee at its initial meeting with U. S. D.A. officials, January 13 and 14.

Committee recommendations, made in an advisory capacity, which are applicable to eggs were: (1) that purchase of dried whole eggs be continued as a basic means of price support to be supplemented by the purchase of frozen eggs; (2) that driers and breakers be permitted to establish a backlog of shell eggs if necessary; and (3) that the support program be conducted so as to reflect a national annual average farm price to producers of 90 percent of parity.

Committee recommendations covering turkeys were: (1) that no support program be applied to turkeys sold, processed, or stored before Jan. 1, 1947, in view of the fact that the national average farm price for turkeys reflected 124 percent of parity for the 9/10 of the 1946 crop turkeys sold before that date, and (2) that any price support program for turkeys be held in abeyance subject to recommendations by the National Turkey Federation, the national organization of turkey growers.

RECOMMENDED ACP BUDGET FOR 1947
PROGRAM HIKES COUNTY SALARIES AND
MILEAGE \$4 MILLION; REDUCES
FARMER PAYMENTS BY SAME AMOUNT

year) as provided for by the President's Budget Message to Congress.

The tables on these two pages give a comparison of expenditures for the 1946 Agricultural Conservation Program (1947 fiscal year) and the recommendations for the 1947 Agricultural Conservation Program (1948 fiscal

While both programs amount to about \$300 million, exclusive of the "seed harvesting payments" of \$12,500,000 which are not recommended for the crop year 1947, some changes are recommended in individual items. The principal change is an increase of \$4.1 million for county association expenses for salary and mileage rate increases with a corresponding reduction in funds for payments to farmers. An increase of \$574,000 in appropriation is requested for additional expense to be incurred for stricter administration of the Tobacco Marketing Quota Program.

In addition, but not shown in the tables, the Budget Message requests only \$200,000,000 for the 1948 ACP (1949 fiscal year), or a reduction of one third in line with the "recommended" gradual shift from the payment type of program to "that currently furnished by Soil Conservation Service and Extension Service."

Conservation and Use of Agricultural Land Resources	Fiscal Years		Increase or Decrease
	1947 Amount	1948 Amount	
Program Payments to Farmers:			
State Program	\$261,000,000	\$261,000,000	\$ - -
Insular	1,000,000	1,000,000	- -
Naval Stores Program . . .	800,000	800,000	- -
Additional seed payments ..	12,500,000	- -	- 12,500,000
Restoring depletion of fund for making advance purchases of conservation materials & services	600,000	- -	- -600,000
Other program expenses, incl. transfers to cooperating agencies & cost of aerial photographs..	914,878	914,290	-588
Reserve for adjustments and contingencies	8,520,166	4,420,154	-4,099,412
Total Program Payment Funds. .	\$285,335,044	\$268,135,044	\$-17,200,000
Operating Expenses:			
National and State	8,871,868	9,095,868	+ 224,000
County Agricultural Conser- vation Association (FSB)	20,039,088	24,489,088	+ 4,450,000
Total Operating Expenses . .	28,910,956	33,584,956	+ 4,674,000
Grand Total Obligations . .	314,246,000	301,720,000	- 12,526,000
Transfers from Sect. 32 funds	-42,500,000	-100,000,000	- 57,500,000
Total Appropriation or Estimate	\$271,746,000	\$201,720,000	\$-70,026,000

(Continued next page)

Use to be Made of Administrative Increases	Reduction in funds available for pay- ments to farmers	Increase in appropria- tion	Total
Stricter administration of Tobacco Marketing Quota Program at National and State level.	\$ - -	\$224,000	\$ 224,000
Stricter administration of Tobacco Marketing Quota Program at county level.	- -	101,400	101,400
Increase in salary and mileage rates of county asso. personnel: Agricultural Conservation Program	4,100,000	- -	4,100,000
Tobacco Marketing Quota Program	- -	248,600	248,600
Total	4,100,000	\$ 574,000	\$4,674,000

Appropriation for Administrative Expense for Programs Other than ACP	Fiscal Years 1947	1948	Increase or Decrease
<u>State And National</u>			
Administration of Sugar Act.	\$ 682,343	\$ 682,343	\$ - -
Administration of Federal Crop Insurance Act.	658,368	658,000	- 368
Administrative Expenses, CCC	127,000	- -	- 127,000
Exportation & Domestic Consumption of Agricultural Commodities (Section 32 funds)	665,764	375,000	- 290,764
Administration of National School Lunch Act.	1,384,282	1,384,282	- -
Salaries & Expenses, Marketing Services (Fat Salvage Program)	88,000	- -	- 88,000
Total	\$3,605,757	\$3,099,625	\$ - 506,132
<u>County Associations</u>			
Administration of Sugar Act	\$ 375,000	\$ 450,000	\$ + 75,000
Administration of Federal Crop Insurance Act.	1,605,000	1,605,000	- -
Administrative Expenses, CCC	670,000	- -	- 670,000
Salaries and Expenses, Marketing Services (Fat Salvage Program)	3,000	- -	- 3,000
Total	\$2,653,000	\$2,055,000	\$ -598,000

1946 FARM INCOME MAY SET RECORD Farm income in 1946 may stand as a record high for some time. The Department of Agriculture reports a preliminary figure of 24.1 billion dollars for cash receipts from farm products last year, or 16 percent above 1945. This is the biggest farm income on record.

Receipts from crops were 18 percent above the preceding year, while livestock receipts jumped 14 percent. USDA economists are predicting a drop of 10-15 percent in farm income in 1947.

U.S. REPORTS COTTON
PROFIT OF 172 MILLION

Price supports for cotton, the Government's greatest venture into market aid, have returned the Commodity Credit Corporation a profit of 172 million dollars, Secretary of Agriculture Anderson revealed this week to the Department's graduate school.

Since 1933, when the program started, until this year, CCC made loans on 31,200,000 bales. Of these 21,700,000 were redeemed by the growers. In addition, in 1944-45 CCC bought 2,800,000 bales. Altogether CCC took possession of 12,300,000 bales of cotton.

Anderson told the Agriculture school that he will appear before the House Agriculture Committee and the Senate Committee this week. His purpose is to ask directive on the administration of the Price Supports Act, the Agricultural Research and Marketing Act, and other war-time farm statutes in view of the change to peace-time operations.

The Secretary predicted a drop in farm prices this year. "This does not mean a farm depression," he declared, adding that the Nation's business history had shown him that "if there is no farm recession there will be no other depression."

FERTILE LAND OF
U.S. DECREASING

The number of acres of land good enough to grow food and fiber is shrinking each year while the country's population increases, even though the U. S. has taken great strides over the past decade to save its soil and water resources.

This was the warning theme of two talks given recently by Dave Davidson, director of the Field Service Branch, PMA.

He pointed out that if all the harvested cropland of the U. S. were divided equally, every man, woman, and child would have about $2\frac{1}{2}$ acres each for all their food and most of their clothing needs. Meanwhile, a half-million acres of our good land are going out of production each year through erosion and soil depletion.

While that picture is alarming, he said, it was twice as bad 15 years ago when the annual loss of productive land was about a million acres each year.

Davidson illustrated his point in summarizing the record farmers have made in lime-spreading. In 1946, they are expected to use about 25 million tons of lime, more than six times the amount used in 1936 when the Agricultural Conservation Program began. Yet, he emphasized, farmers have never yet spread enough lime in any one year to meet more than half of what is needed for the Nation's best welfare. "Our latest estimates," he said, "show a need for spreading 52 million tons of agricultural lime each year."

More than 9 out of every 10 tons of lime farmers now use is spread in cooperation with the ACP, Davidson said. Lime "sweetens" acid soils, and boosts the production of such soil-building crops as clover and other legumes and grasses. Altogether, $3\frac{1}{2}$ million of the Nation's farmers and ranchers are now carrying out soil-building practices in the ACP on two-thirds of the country's cropland. Even so, we have been growing 3 acres of soil-depleting crops where our land can stand only two, he continued.

"More and more," he said, "the Nation is coming to examine the products of the soil in the light of their nutritive components and are finding that the value of our food is largely determined by what we put in the soil that grows it."

WHEAT, FLAX, AND TOBACCO
INSURANCE SHOW BLACK IN 1945

The Federal Crop Insurance Corporation finished the 1945 crop year with premiums in excess of indemnities on wheat, flax, and trial tobacco insurance, according to the annual report of the Corporation.

The report points out that this is "the first time in the history of the program that black ink has shown up on the final ledger for any commodity." However, both cotton and trial corn insurance programs show deficits for 1945. Unfavorable weather in the Cotton Belt and excessive moisture and frost in corn areas were main causes of losses.

Indications for 1946 point to another favorable balance on wheat and flax, and large losses due to weather and boll-woevils in cotton. No estimate was made on 1946 trial crops.

While good yields contributed greatly to the wheat success in both 1945 and 1946, the report by the Corporation states that experience gained in the seven years of wheat operations has resulted in many program-strengthening measures. These changes along with relatively large participation place the wheat crop insurance program on a sound basis. Nearly a half million wheat farmers will be insured in 1947, according to the report.

The insurance program on flax, similar to wheat in cultural practices, has benefited from the experience gained in the wheat program. Application of changes evolved in the wheat program and favorable weather made possible the good insurance experience on flax.

Severe drought and heavy boll weevil infestations were largely responsible for cotton losses. In some areas, infestations in 1946 averaged almost 50 percent and were as high as 100 percent on some farms. Drought in the western one-third of the Cotton Belt, where a large part of the cotton insurance business was concentrated in 1945, halved long-time average yields in many counties.

The Corporation is making several important changes to strengthen the cotton insurance program in 1947, the report states. The changes will move up purchase closing dates, add one level of insurance, increase premium rates, and simplify the program by specifying the coverage in pounds per acre at various production stages.

Trial insurance was in its first year in 1945. The report states that one year has not furnished sufficient information to satisfactorily analyze the plans. Trial insurance is offered on corn and tobacco in a limited number of counties. Trial insurance on these crops is in its third and final year in 1947.

"Federal crop insurance is still in the early stages of development as time is measured in the insurance business," the report states, "in this brief period the answers to all crop insurance problems have not been found, but substantial progress has been made."

At the present time the Corporation is conducting a selling campaign on spring wheat, flax, and cotton insurance. Winter wheat sales were concluded last fall and trial crop insurance sales will start in the next few weeks.

DRIED EGG
"CERTIFIED" PRICE SET

Egg driers must certify that they have paid producers an average of 33 cents a dozen for all shell eggs purchased in order to have their offerings of dried eggs for delivery in February considered under the Government's purchase program.

Up until this time, the certified price required under the program has been 35 cents a dozen. The 33-cent price, which reflects a normal seasonal decline in egg prices, will prevail under the purchase program from February 1 through April.

Under the extended purchase program, announced recently, an additional 10 million pounds of dried eggs will be bought for the United Kingdom. This will make a total of 20 million pounds which the British Government has sought so far this year for use under its food rationing program.

HOG PRICE SUPPORT PROGRAM
RECOGNIZES TWO MARKETING SEASONS

For the purpose of carrying out the hog price support program, the Department has determined that there shall be two separate marketing seasons within the marketing year, one for spring pigs and the other for fall pigs.

This policy determination will result in the establishment of hog support prices as directed by the Steagall Amendment to the Stabilization Act of 1942, on the basis of 90 percent of parity at the beginning of each of the two marketing seasons in the marketing year. While hogs are produced the year-round, the bulk of the pigs farrowed in the spring are marketed in the six months following October 1; most of those farrowed in the fall are marketed in the six months following April 1. Since the marketing season for spring pigs runs from October 1 through March 31, the support price for that season will be based on parity for September 15 which is issued at the end of September. Similarly, the marketing season for fall pigs runs from April 1 through September 30 and the support price for that season will be based on parity for March 15.

Hog support prices for the marketing year from October 1, 1946, through September 30, 1947, were announced October 5, 1946, at an annual average of \$14.25 per hundred pounds, Chicago basis, with seasonal variations. On the basis of the new policy approved by the Department, these support prices will continue at least until April 1, 1947. Then, if the parity price for hogs as of March 15, 1947, exceeds \$15.10 per hundred pounds, the support price for the fall pig marketing season from April 1 through September 30, 1947, will be increased accordingly. The latest parity price of hogs is \$15.50 per cwt. for December 15, as compared with \$15.40 for November 15, \$15.00 for October 15, and \$14.50 for September 15. The support prices announced on October 5 were based on 90 percent of a parity price equal to \$15.10.

* * *

---Seven percent more people were working on farms on January 1 than a year ago, the Department of Agriculture reports. The total stood at 8,272,000 this year, compared with 7,732,000 in 1946. Family workers increased 5 percent and hired workers about 16. Farm wage rates were 10 percent higher than a year ago, and more than 3 times the January 1935-39 average.

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(Agriculture in Action -- Issued weekly and distributed in the Northeast to State PMA Committeemen, State Offices of PMA; Farmer Fieldmen, County Offices in Mass., Conn., Penna., N.J., and N.H.; County Committeemen in N.J., Penna., N.H., and R.I.)

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United States Department of Agriculture
Production and Marketing Administration
Field Service Branch, Northeast Region
Washington 25, D. C.

January 29, 1947

AGRICULTURE IN ACTION

Dear Committeemen:

The information included in this letter is to assist you in the administration of Production and Marketing Administration programs and provide understanding of related actions.

A. W. Manchester
A. W. Manchester
Director, -Northeast Region

ANDERSON TESTIFIES
ON PRICE SUPPORTS

"I am not suggesting for an instant that we back down from the spirit of the Government's commitments to farmers," Secretary of Agriculture Clinton Anderson said recently in testifying before the House Agriculture Committee on farm price supports.

"We would do better to pay the bill, whatever the cost, for that would still be a part of the cost of the war. The farmer didn't ask for cost-plus contracts or new plants or a contract-termination payoff. But he does want and deserve price protection that will give him a chance to adjust his production of war crops on a stable market.

"He did not and does not want to go on producing for a wartime pattern of demand when that results in waste of production, effort, money, and soil. I know the Congress . . . (and) the general public . . . does not want that.

"What are we going to do about it? . . . I never heard of an agreement that could not be altered by mutual consent. . . I think we can find solutions to the problems before us that will satisfy many more farmers than are satisfied by the present arrangement and will satisfy all the rest of us.

"Personally, I am convinced that whatever changes are made should have the general approval of farm people -- those who stand to gain or lose directly."

SHIFT MADE IN ADMINISTRATION
OF COMMODITY EXCHANGE AUTHORITY

Secretary of Agriculture Anderson has announced that effective February 1, 1947, administration of the Commodity Exchange

Act will be under the Commodity Exchange Authority as an organizational unit directly responsible to his office.

J. M. Mehl, present Director of the Compliance and Investigation Branch, under which the Commodity Exchange Act is now administered, will head the Commodity Exchange Authority, resuming full-time direction of enforcement of the Act in the newly established organization.

The announcement said that the immediate necessity for direct and full time surveillance of the futures market was emphasized by: (1) The recent alleged price manipulation in butter, (2) The heavy speculation in cotton during 1946, that culminated in the drastic price drop during the last two weeks of October.

POTATO GOALS
REVISED DOWNWARD

A national reduction of 152,800 acres in the 1947 potato goal has been announced by the U. S. Department of Agriculture. The goal of 2,517,000 acres as compared with the 2,699,800 acres announced on October 31, 1946, was set in consideration of an upward revision of 1946 yields per acre and a revision downward of 1946 acreage. The Department's previously announced production goal of 375 million bushels remains the same.

Department officials said this downward revision of acreage has been made because data recently made available reflect the national trend in potato production more accurately than earlier data used in arriving at the previously announced goals. The new data reveal that potato acreage has been declining nationally, while yield per acre during the same time has been increasing at a more rapid rate than had previously been estimated. No significant change in the data for early commercial acreage occurred and for that reason no revision of these acreage guides was made.

Much of the increase in yields has been due, officials said, to the pronounced shift of acreage from the non-commercial to the higher yielding commercial potato farms. To this must be added also the factor of better cultural practices, such as increased and more efficient use of irrigation and fertilizers and adoption by growers of newly developed insecticides.

In a memo to State PMA Directors, Dave Davidson, Director of the Field Service Branch, said, "It is not expected that county limits and farm goals which have already been determined will be out of line with the new goals. This is because the method used for determining these limits has been to require at least as great a percent reduction from the past acreage of farms listed, as was indicated by comparing the total goal with total past acreage as reported by BAE. For most States the revised goals bear substantially the same relationship to the revised BAE data, as the original goal bore to the original BAE data."

IRISH POTATOES -- Late or Other Goals Compared with 1945 and 1946
Planted Acreages (revised January 23, 1947)

Group & State	Orig. Goal Acreage	Rev. Goal Acreage	Planted Acreage		1947 Goal Acres as Per- cent of Planted Acres in:	
	1947	1947	1945	1946	1945	1946
<u>Surplus Late:</u>			-- 1,000 acres --			
Maine	182.5	185.6	209	219	89	84
New York (other)	109.1	104.3	116	99	90	105
Pennsylvania	145.2	135.6	144	132	94	103
<u>Other Late:</u>						
New Hampshire	6.6	6.3	6.8	6.1	93	103
Vermont	10.8	9.2	10.0	8.7	92	106
Massachusetts	21.6	22.0	23.5	21.2	94	104
Rhode Island	5.9	5.9	7.2	8.1	82	73
Connecticut	19.0	18.9	20.1	18.3	94	103
<u>Intermediate:</u>						
New Jersey	8.9	9.1	9.0	9.0	101	101

Department officials again remind growers that only these potato growers who plant within their acreage goals will be eligible for price support under the Department's 1947 potato price support program.

DISPOSAL OF SURPLUS
POTATOES PLANNED

To encourage marketing of a better-quality pack, the Department of Agriculture has authorized immediate disposal of all low-grade and deteriorating potatoes which are under loan. Allowances are authorized to cover the cost of grading-out the lots from which "super" quality potatoes are being packed.

January 1 stocks of potatoes were reported at an all-time high of 150 million bushels, while commercial requirements were estimated at 105 million bushels. About 45 million bushels must therefore be disposed of before warm weather and the start of spring work. A major portion of present merchantable stocks are estimated to be under loan.

Potatoes under loan will receive full price support benefits, the Department told growers in outlining disposal plans for the remaining 1946 late-crop surplus potatoes.

A practical use will be found for perhaps 25 million bushels of the surplus, through diversion from regular trade channels to such outlets as manufacturing plants, livestock feeders, the School Lunch Program, and the export trade.

The Department has been selling potatoes at from 20 to 45 cents per hundredweight in order to encourage their use as livestock feed, and even lower prices are being authorized in particular areas as becomes necessary.

If present disposal measures prove inadequate, the Department warns, even good quality loan potatoes may have to be dumped.

Excessively large crops in recent years have made potatoes the Government's "loss leader" in postwar price-support operations. The Government has been "made whole" however, by alcohol taxes collected on beverages made from the surplus potatoes.

MAINE ESTIMATES 5½ MILLION
HUNDREDWEIGHT POTATOES
UNDER LOAN DISPOSED OF

Of the 25 million hundredweight potatoes placed under loan in Maine, it was estimated this week that 5½ million hundredweight have been disposed of because of deterioration or low grade. An

earlier report (below) through January 11, shows 3 million hundredweight disposed of in this manner. Northeast State reports for this period covering both regular and special loans follow:

State	Cwt. Placed Under Loan	Redeemed, Released or Delivered	Sold for Livestock Feed	Offered to CCC, not Accepted	Amount Originally Loaned	Amount Repaid
Me.	23,837,977	3,370,430	242,913	9,754,292	\$22,270,540	\$509,025
N.H.	162,205	59,817	51,411	3,563	161,025	9,035
Vt.	101,056	35,373	24,674		125,559	40,601
Mass.	420,554	162,858	130,355		524,720	101,912
R.I.	302,963	34,013	27,510	102,389	374,326	2,443
Conn.	789,343	145,565	132,126	60,661	933,142	55,990
N.Y.	1,341,717	1,040,588	201,632	455,007	4,253,379	31,768
N.J.	19,750	5,930	1,285		24,841	
Penna.	866,622	80,646	17,936	108,000	931,004	
Total	27,902,187	4,933,220	829,842	10,463,912	\$29,509,936	\$750,774

FERTILIZER SUPPLIES REACH NEW RECORD

U. S. fertilizer supplies are expected to reach an all-time high in 1946-47. They will probably more than double the 1935-39 average of prewar consumption. But, hold on Mr. Farmer. Demands apparently still greatly exceed supplies.

Stocks of nitrogen materials will be almost as large as last year. There will be about 8 percent more soluble superphosphate. Potash supplies will be slightly above last year.

However, considerably more fertilizer than is now available could be used advantageously at the present price level, says the Department of Agriculture. Farmers who used no fertilizer in prewar years are now using it with good results. Other farmers are using more fertilizer per acre and obtaining higher per-acre crop yields.

During the last 5 or 6 years, the steadily increasing supply of fertilizers has been an important factor in the record crop production of U. S. farmers.

ONLY 12 PERCENT OF FARMS ENROLLED IN ACP ENROLLED FOR 1947

Although New Hampshire, Connecticut, and Rhode Island have not yet started to enroll farmers in the 1947 Agricultural Conservation Program, only 12.3 percent were reported enrolled for the period ending December 31, 1946. The individual State reports follow with the report of progress on 1946 ACP reports of performance and applications for payment:

State	Farms Reporting Perform.	Farms Rep't. Complete Performance	Estimated Applica-tions	% Rec'd in State Office	Farms Enrolled		
					1946	1947	% 1947 of '46
Me.	2,550	1,967	4,000	19.1	13,333	955	7.2
N.H.	1,314	977	1,682	—	7,060	5	.1
Vt.	7,884	—	2,846	2.7	11,999	6,958	58.0
Mass.	4,164	3,245	5,440	5.5	10,168	1,518	15.0
Conn.	1,244	—	2,695	—	5,626	—	—
R.I.	—	—	170	—	919	—	—
N.Y.	23,204	15,645	27,309	—	81,460	11,027	13.5
N.J.	3,715	2,859	10,272	—	12,917	5,171	40.0
Penna.	—	11,567	39,855	4.3	98,262	4,090	4.2
Total	44,075	36,260	94,269	3.0	241,734	29,724	12.3

REVISED ESTIMATES OF CONSERVATION NEEDS

In order that plans may be made for the 1948 Agricultural Conservation Program, State Committees have been asked to prepare revised estimates of total conservation needs, in cooperation with technical committees and other qualified persons or groups, and to submit a report by air mail not later than February 14, 1947.

MILK SERVED UNDER SCHOOL LUNCH PROGRAM SHOWS GOOD RESULTS IN MASSACHUSETTS

According to a report on the School Lunch Program in Massachusetts, one of the schools which has just started a "C" program ($\frac{1}{2}$ pint of milk) for the first time, is showing good results. The principal claims that the children are alert and show new enthusiasm toward their class work immediately after the milk recess. This is in contrast to the "midmorning fatigue" previously experienced. All the teachers in this school have commented on the improvement.

SELL THAT FARM SCRAP Farmers who hope to get new agricultural equipment during 1947 will do themselves a good turn by selling their old scrap iron, thereby helping to increase production of industrial steel.

That's the appeal of the U. S. Department of Agriculture, cooperating with the office of Temporary Controls (CPA) and the steel industry in trying to round up the Nation's unused scrap iron and steel and turn it to good purposes. New farm machinery should be fabricated of as much as half remelted scrap metal if it's to be turned out rapidly, efficiently, and economically.

This is the second request for movement of old scrap iron in recent months. Steel production is at an abnormally high level, in trying to catch up with post-war civilian needs. But steel mills generally are getting only enough scrap iron to run on a week-to-week basis. In pre-war times, they often had enough scrap stockpiled to last several months. CPA states that steel production faces a slow-down between now and spring unless scrap iron continues to show up in large quantity.

Obviously, continued high steel production is needed to meet market demands for new farm equipment, housing, automobiles, and innumerable industrial products. Farm machinery production alone has been breaking all records in recent months, as shown by the \$70,000,000 volume reached in October. This figure includes the month's production of nearly 30,000 tractors.

This is a profitable time to sell scrap, CPA advises. With price decontrol, dealers advanced their offers to the highest figures in years and they are eager to receive scrap from farms. All grades of cast scrap are especially needed now, and farmers are urged, wherever weather permits, to collect and sell every piece of scrap that they can spare.

BIG INCREASE IN LARGER FARMS Farms are getting larger and fewer in this country. The revolution in farm production during the past few years has been accompanied by a substantial increase in the number of larger farms, according to the Bureau of Agricultural Economics. Today over half the farm land is in farms of over 500 acres compared with only one-third in 1920.

The traditional "family-size" farm has been giving way to much bigger commercial units. Moreover, the typical farm operated as a family enterprise is also larger.

For the country as a whole, the average farm is now 50 acres larger than 25 years ago and 20 acres larger than 5 years ago. For a State example -- in Oklahoma, an area settled almost entirely in 160-acre homesteads, the average farm has increased from 166 acres in 1920 to 220 acres in 1945.

What stimulated this increase in size? BAE credits the strong demand for farm products since 1940, plus rapid strides in mechanization and other technological advances.

* * *

---Crops recently mentioned by the Secretary of Agriculture which either will, or conceivably might, cause the Government "price-support headaches" by the end of 1948 include: Potatoes, eggs, cotton, wool, flaxseed, peanuts, dairy products, and some fruits and vegetables.

LITTLE IMPROVEMENT EXPECTED
IN DOMESTIC FATS-OILS SUPPLIES

For the first time since 1942, the United States will import more fats and oils than it exports during a quarter year, beginning with the first quarter of 1947. Not much improvement is expected in the domestic supply situation, however, until increased supplies become available from 1947 production of vegetable oil crops.

Meantime, export allocations by the U. S. are limited to the first quarter until conclusive evidence is received that other governments are also trying to help overcome world shortages by increasing their production of fats and oils. Allocations for the 1947 first quarter total 138 million pounds, compared with 224 million pounds in 1946.

Per capita consumption of fats and oils in 1946 was 90 percent of prewar in the U. S. , 79 percent in the United Kingdom, and from 40 to 70 percent of prewar in other European countries.

NEW USES FOR
FARM PRODUCTS

These are some of the new and varied uses of farm products developed in recent research by the Department of Agriculture:

- Artificial fibers from the proteins of peanuts, corn, milk, and feathers.
- Plastics, plasticizers, and rubberlike products from raw farm materials.
- Fiber board and liquid fuels from crop residues, as well as material for use in air-blast cleaning of machinery.
- Starch from sweetpotatoes, wheat flour, and moldy corn.
- Industrially useful materials through chemical processing of fats.
- New materials from nicotine.
- New types of candy, which have better balance than ordinary sugar candy because of increased protein, fats, and vitamin contents.

LIFE OF CCC
EXPIRES IN JUNE

The life of the Commodity Credit Corporation as an agency of the United States expires on June 30, 1947. Furthermore, legislation requires that CCC obtain a Federal charter before June 30, 1948, if it is to continue as a U.S. agency. CCC has been the principal agency through which price-support operations on farm products have been carried out by the Government.

* * *

---Commercial hatcheries produced 1,213,194,000 chicks in 1946, according to preliminary estimates. This was 25 percent less than the year before, and the smallest output since 1941. Demand for chicks for commercial broiler production has fallen off, but demand for general farm flock replacement is generally good.

* * *

---Turkey production in 1947 is expected to be down 16 percent from 1946 output -- the second successive reduction since the peak production year of 1945. Indications are for 34½ million turkeys, compared with the 1945 record of 45 million. The 1939-43 average was about 33½ million turkeys.

Radio Transcription
A. W. Manchester, Director
Northeast Region, Field Service Branch
Production and Marketing Adm., USDA
January 30, 1947 - 6:15 a.m.
Station WBZ - Boston, Mass.

It is a matter of general understanding that we are about at the end of one agricultural era and are facing the problems of a new one whose aspects we can only foresee uncertainly.

The last few years have, by and large, been years of ample market for all that our farms could produce. Those days are passing. Human needs for food will still be as great as ever, but whether we shall make it possible for the hungry and undernourished to have all the food they need, or whether we shall revert to surpluses and hunger side by side as in prewar days, is one of the questions that the coming year will have to answer.

The changed conditions clearly demand new policies and programs for agriculture, programs and policies that will attempt to move so far as possible in the direction of meeting human needs, but that would protect farmers in reasonable measure if we should fail to do that job well.

Recognizing that the formulation of new agricultural policies is one of the major issues of the immediate future, Secretary Anderson appeared last week before committees of both the House and Senate.

He stated categorically that the "outlook for American agriculture is good for 1947." However, he did suggest that this favorable outlook might not be quite as bright for potatoes, eggs, truck crops, certain fruits, and dairy products. Since this list pretty well calls the roll of the things that Northeastern farmers have to sell, it leaves some question as to just how well the Secretary's general statement fits us.

As objectives of farm policy, the Secretary included providing adequate supplies of farm and forest products, parity returns to farmers, better living on the farm, greater efficiency in production and marketing, and conservation of natural resources. He discussed very little the problem of getting adequate supplies of farm products. American farms are already geared to large production and seem to be pointing toward still larger. Farm efficiency, too, is marching forward at a rapid pace. He devoted a large part of his attention to the problem of farmers' returns.

In this connection he said, "a rather happy solution to many of our price and production problems could be worked out if we were sure that maximum employment could be retained and that we could find ways of maintaining or increasing our foreign trade in such commodities as cotton and wheat.

"Under such conditions price supports for most of our agricultural products would only be needed in years when yields were unusually good, and stocks which were accumulated in such years could be disposed of when yields were short. . . ."

(continued next page)

He emphasized the need for specific measures of "(1) encouraging farmers to shift away from those crops or commodities which are least wanted toward those that are in greatest demand, and (2) in the case of farmers on farms too small or with inadequate resources, encouraging either increases in size of farming units or a shift into non-farm work."

Some drop in the prices of some farm commodities is probably inevitable. The consumer feels with justice that he is paying too much for his food bill.

But there is very grave danger that about all of any reduction will come out of the farmer's pocket. That's about the way it usually works. As a rough general figure, the farmer gets around a half of what the consumer pays for food. If the farmer bears the full force of the drop, a 20 percent cut in retail prices, for instance, means around a 40 percent cut in farmers' prices.

Farm disasters like that don't stop with the farm. The crippling of the farm market loads industry with unsalable surpluses and breeds unemployment.

The practicability of supporting farm prices at fair and reasonable levels is now proved. The methods to be used in this new agricultural era are to be worked out in the next few months and years.

Farm policies are going to share the spotlight with labor policies in the days immediately ahead. The decisions that are made may well determine the level of farm living and the scope of opportunities in agriculture for a great many years ahead, as well as having an important bearing on the success with which the country as a whole will find its way through this critical readjustment period.

* * *

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